

Texas Higher Education Coordinating Board

Internal Audit Review of Resource Requirements FY 2022

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January 2022

1

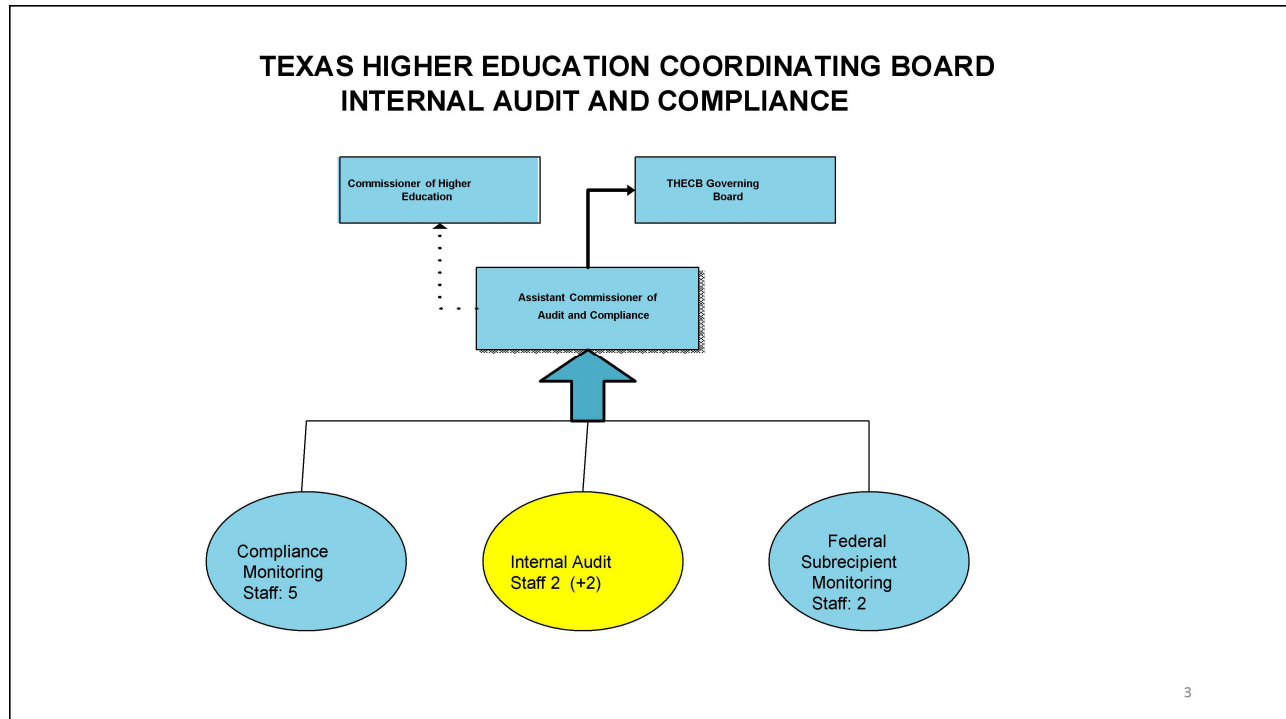
Review of Resource Requirements

Overview - IA Standards and THECB Charter require communication of Resource Requirements to Board

- IPPF Standards 2017 (Red Book) - 2020 - Communication and Approval
The chief audit executive must communicate the internal audit activity's plans and **resource requirements**, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.
- THECB Internal Audit Charter (Part E, page 3) - Requires that the Director report periodically to senior management and the Board regarding resource requirements
- Board's responsibility to balance audit risk with coverage
- Three different parts of the Department - each will be reviewed separately

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2



3

Internal Audit

Overview of work: Internal Audit staff of Two

- Population of coverage: Conduct projects in accordance with Texas Internal Audit Act, GASB (Yellow Book) and (IPF) Red Book; 171 auditable areas across 10 organizational units; Agency budget of approximately \$990 million with about 300 employees;
- Other required areas:
 - Follow up on corrective action implementation;
 - Investigations;
 - External audit coordination; and
 - External peer review once every three years.

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4

Internal Audit

Current coverage:

- Current review rate: Currently average 4-6 projects per year in addition to work coordinated with Compliance Monitoring, Federal Compliance Monitoring, the Financial Report auditor (KPMG) and the Federal Single Audit Auditor (CLA).
- Approximately 43 (25%) of auditable units have some coverage through the above listed coordinated work. These covered areas include ISS, SFAP, Formula Funding, and Perkins.
- Other Comparisons: Audit staffing models predict 1 to 6 internal auditors based on expenses, assets, or employees.

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5

Internal Audit

Significant Transformational Risks:

- Executive Management Changes / Strategic Changes
 - Additional employees and organizational structural changes
- Major ISS projects and changes
 - Data Migration Initiative Project - short time frame
 - followed by other upcoming major ISS projects (CAPPS and HELMS)
 - on top of continuing cyber security risks
- Continued significant influx of Federal money > \$350 million over short time frame

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6

Questions ?

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